

ACTUARIAL REPORT ON CREDIT PROPERTY INSURANCE IN ARIZONA

INTRODUCTION

HB 2135 – Consumer Credit Insurance – was passed by the Arizona Legislature during 2002 and became effective on January 1, 2003. HB 2135 establishes a new regulatory scheme for credit property insurance.

CREDIT PROPERTY INSURANCE

Credit Property Insurance (CPI) is written in connection with credit transactions for personal, family, or household purposes. CPI covers perils to goods purchased through a credit transaction or used as collateral for a credit transaction. Such insurance may protect only the interest of the creditor (Single Interest) or both the interests of the creditor and debtor (Dual Interest).

CPI rates are generally applied to the initial amount financed, the replacement cost of the personal property serving as security for the loan, or to the remaining monthly outstanding balances. Rates that are applied only once to the initial value are referred to as “Single Premium.” Monthly Outstanding Balance (MOB) refers to rates that are applied each month to a balance.

DUTIES AND RESPONSIBILITIES OF THE DIRECTOR

HB 2135 requires the Director to:

- 1) Review rate and form filings (A.R.S. § 20-1621.04)
- 2) Establish Prima Facie Rates and a Loss Ratio Standard (A.R.S. § 20-1621.05)
- 3) Develop a Certification Form by which insurers can report, by April 1, that their rates do not exceed the Prima Facie Rates and are not inadequate or unfairly discriminatory. (A.R.S. § 20-1621.05(C)(1))

DATA CALL

On July 10, 2002 the Department issued a data call (Appendix A) for Credit Property Insurance Experience (Appendix B) and Underwriting Expenses (Appendix C) for Calendar Years 1999, 2000, 2001 and combined for 1999 through 2001. Data was requested for Arizona and all states combined (Countrywide).

The Department issued the data call to 22 insurers believed to be writing credit property insurance in Arizona and/or other states. See attached Exhibit VII. Of the 22 insurers, 8 insurers completed the data call and 14 insurers indicated they were not currently writing credit property insurance or were writing credit products which are not included in HB 2135. See attached Exhibit VI.

RECOMMENDED LOSS RATIO STANDARD

A.R.S. § 20-1621.05(A) provides that an insurer’s premium rates for credit property insurance shall be reasonable in relation to the benefits provided and shall not be excessive, inadequate or unfair discriminatory. To implement that standard, the Director is required to establish, by order, a loss ratio standard. In establishing the Loss Ratio Standard, the Director shall consider the following:

- 1) The statutory standard
- 2) The actual and expected experience of insurers
- 3) A reasonable Catastrophe provision
- 4) Reasonable General and Administrative expenses
- 5) Reasonable Acquisition expenses
- 6) Reasonable Creditor Compensation
- 7) Investment Income
- 8) Premium Taxes, Licenses, Fees, Assessments
- 9) Reasonable Underwriting Profit and Contingencies

Insurers provided actual underwriting expenses for Arizona and Countrywide for Creditor Compensation, General and Administrative, Acquisition, and Taxes, Licenses and Fees. After subtracting the underwriting expenses from 100% of the premium, the remainder is available to pay actual losses, loss adjustment costs, catastrophes and underwriting profit. Investment income adds income to help pay these remaining costs.

After reviewing Exhibit II, which summarizes the component expenses reported by insurers answering our data call, I selected a Standard Loss Ratio of 50%¹.

INDICATED RATES BY COMPANY

Exhibit I summarizes 3 years of actual loss experience by insurer, credit property product, Arizona and Countrywide. The current rates, which insurers use in Arizona, were adjusted by the actual experience to produce an Indicated Rate which should produce approximately a 50% Loss Ratio (Standard) in the future. The Formula used to make the adjustment is:

$$\frac{\text{CURRENT RATE} \times \text{ACTUAL LOSS RATIO}}{50\%} = \text{INDICATED RATE}$$

Because some individual insurers' actual experience in Arizona was too small to be 100% credible (believable), their experience was supplemented by the product subtotal loss ratio in Arizona and the individual company's Countrywide Loss Ratio for the same product. The following formula was used to calculate the 100% Credible Loss Ratio:

$$Z \times \text{Actual Loss Ratio} + \left(\frac{1-Z}{2} \right) \text{Arizona Subtotal Loss Ratio} + \left(\frac{1-Z}{2} \right) \text{Company's Countrywide Loss Ratio}$$

Z = CREDIBILITY FACTOR FROM EXHIBIT V

An example may help to clarify the use of this formula. American Reliable has 3 years of Earned Premium = \$680,181 in Arizona for Dual Interest – MOB credit property insurance. \$680,181 implies .75 or 75% credibility (Z) using Exhibit V.

$$\begin{aligned} 1-Z &= 1.0 - .75 = .25 \\ \frac{(1-Z)}{2} &= \frac{.25}{2} = .125 \end{aligned}$$

Using Exhibit I, we determine the following:

American Reliable's Arizona Loss Ratio = 11.8%

Dual Interest – MOB Arizona Loss Ratio = 4.4%

American Reliable's Countrywide Loss Ratio = 3.4%

$$\begin{aligned} 100\% \text{ Credible Loss Ratio} &= 11.8 \times .75 + .125 \times 4.4 + .125 \times 3.4 \\ &= 8.85 + .55 + .425 \\ &= 9.825 \end{aligned}$$

Current Rate for American Reliable = .47

$$\text{Indicated Rate} = \frac{.47 \times 9.825}{50.0} = .092$$

RECOMMENDED PRIMA FACIE RATES FOR DUAL INTEREST- SINGLE PREMIUM AND DUAL INTEREST – MOB

Exhibit III summarizes the Indicated Rates using Arizona and Countrywide results. The Average Indicated Rate is the sum of ½ the State and ½ the Countrywide Indicated Rates. This analysis suggests that an appropriate Prima Facie Rate is between \$0.437 to \$0.949 from which I selected \$0.50. In other words, an initial outstanding debt of \$5000 would produce a single premium of \$25 for a one-year term.

¹ The California Department of Insurance selected 60% after conducting regulatory hearings.

$$\frac{\$5000}{\$100} \times \$0.50 = \$25$$

The following formula converts the Annual Single Premium (SP) rate to a MOB rate for 12 months:

$$\begin{aligned} \text{MOB} &= \frac{2 \times \text{SP}}{13} \\ &= \frac{2 \times .50}{13} \\ &= .077 \text{ which rounds to } .08 \end{aligned}$$

I suggest the use of a MOB rate of \$0.08/month/\$100. In other words, \$5000 of outstanding debt would produce a \$4 premium for the first month.

$$\frac{\$5000}{\$100} \times \$0.08 = \$4.00$$

Although this MOB rate is more generous than the indicated rate using the actual results, it produces a consistent result and a rate reduction of between 43% and 83% for Arizona insurers. Since the MOB rate generates less investment income than the single premium rate, I believe \$.08 is a fair and reasonable rate.

INDICATED PRIMA FACIE RATES DUAL INTEREST – MOB

Exhibit IV summarizes the Indicated Rates determined by Arizona and Countrywide results. Average Indicated Rates are equal to the sum of ½ the State and ½ the Countrywide Indicated Rates. This analysis suggests that an appropriate MOB rate would lie between \$0.025 and \$0.038. In other words, it would take \$5000 of outstanding debt to produce \$1.50 of monthly premium at a rate of \$0.03.

$$\frac{\$5000}{\$100} \times \$0.03 = \$1.50$$

MINIMUM COVERAGES INCLUDED IN THE PRIMA FACIE RATES

A.R.S. § 20-1621.02(B) requires that minimum credit property insurance coverage must include the coverages in the standard fire policy prescribed by A.R.S. § 20-1503, with coverage attachment and extended coverage endorsement. The minimum coverage must essentially include the perils of: fire and lightning, windstorm, hail, explosion, riot or civil commotion, aircraft, vehicles, smoke, volcanic eruption, vandalism and malicious mischief, and burglary with visible evidence of forced entry.

POLICY PERIODS GREATER THAN 1 YEAR

When credit property insurance is written on a single premium basis for a policy term greater than 1 year, a discount factor of 2% shall be applied to the premium for each year greater than 1. This discount is meant to reduce investment income earned on prepaid premiums:

Term	Discount	Discount Factor
1	0	100
2	2%	.98
3	4%	.96
4	6%	.94
5	8%	.92
6 or more	10%	.90

EXAMPLE

SINGLE PREMIUM RATE	= \$.50/\$100/YEAR
INITIAL DEBT	= \$5000
TERM	= 4 YEARS
DISCOUNT FACTOR	= .94
FINAL PREMIUM	= \$.50 \times $\frac{\$5000}{\$100}$ \times 4 \times .94 = \$94

SINGLE INTEREST COVERAGE

None of the insurers provided separate experience for coverage which protects the lender only i.e., Single Interest. Several companies have rates for Single Interest coverage, which are 2/3 of the rate for Dual Interest coverage. I recommend that Prima Facie rates for Single Interest coverages, if sold, be set at 2/3 the Prima Facie rates for Dual Interest.

$$\text{Single Interest} - \text{MOB} = \frac{2 \times .08}{3} = .053 \text{ which rounds to .05}$$

$$\text{Single Interest} - \text{SP} = \frac{2 \times .50}{3} = .333 \text{ which rounds to .33}$$

SUMMARY OF PRIMA FACIE RATES

<u>PRODUCT</u>	<u>RATE/\$100</u>
Dual Interest – Single Premium	\$.50
Single Interest – Single Premium	\$.33
Dual Interest – MOB	\$.08
Single Interest – MOB	\$.05

LIMIT OF LIABILITY

If the damaged property is repairable, the insurer shall pay the cost of repairs. If the property is not repairable, the insurer shall pay the lesser of the cost to replace the property without deduction for depreciation or the original amount of insurance stated in the certificate of insurance.

CONCLUSIONS AND RECOMMENDATIONS

Several companies have 3-year loss ratios which are higher than the averages on which the recommended Prima Facie Rates are based. One or more of these insurers may wish to file an upward deviation because the Prima Facie Rate could be inadequate for their business. Their submission(s) will be reviewed under the standards of A.R.S. § 20-1621.05.

List of Appendices and Exhibits

1. Appendix A: Data Call Instructions for Arizona and Countrywide Credit Property Experience and Expenses (July 10, 2002)
2. Appendix B: Data Call for Premiums and Losses
3. Appendix C: Data Call for Underwriting Expenses
4. Exhibit I: Credit Property Rates Adjusted to Standard Loss Ratio
5. Exhibit II: Underwriting Expenses % Direct Premiums Written
6. Exhibit III: Summary Chart Dual Interest Single Premium
7. Exhibit IV: Summary Chart Dual Interest MOB Rates
8. Exhibit V: Credibility Table
9. Exhibit VI: Insurers Responses to Credit Property Data Call
10. Exhibit VII: Insurers to Receive Credit Property Data Call



JANE DEE HULL
Governor

2910 North 44th Street, Second Floor
Phoenix, Arizona 85018-7256

CHARLES R. COHEN
Director of Insurance

To: Insurers Writing Credit Property Insurance in Arizona
From: Jim Curley, Actuary
Date: July 10, 2002
Re: Consumer Credit Insurance (HB 2135)
Call for Arizona and Countrywide Credit Property Experience and Expenses.

Introduction

HB 2135 regulates consumer credit insurance including credit property in Arizona and becomes effective December 31, 2002. It requires the Director to establish:

- Prima Facie Rates
- A Loss Ratio Standard

Call For Experience and Expenses

To help implement HB 2135, we are requesting the completion of the enclosed two exhibits by August 30, 2002. The data requested is similar to information now reported in the Credit Insurance Experience Exhibit (supplement) and The Insurance Expense Exhibit. However, we would like to make a better match of the experience and expenses with the underlying rates and products.

To the best of your ability, please separate Fire and Extended Coverage and Other into:

- Personal Property – Single Interest – Single Premium
- Personal Property – Single Interest – Monthly Outstanding Balance
- Personal Property – Dual Interest – Single Premium
- Personal Property – Dual Interest – Monthly Outstanding Balance

Please complete page 1 for each product separately. If you are unable to separate the Experience by the requested date, but can provide separate data at a later date, please give us what you have and estimate the date when we will receive separate experience.

Please note and complete the information requested at the bottom of page 1.

For Automobile Physical Damage sold by Dealers or Financial Institutions, report the expenses separately under Other on page 2.

Contact Person

If you have questions regarding the completion of the Credit Property Insurance or Underwriting Expenses Exhibit, please contact me.

Telephone: 602-912-8420
Email: jcurley@id.state.az.us
Fax: 602-912-8421

Rates and Rules Manual

Please submit a copy of your Credit Property Rate and Rules Manual(s) along with the completed Experience and Expense Exhibits

Credit Property Insurance

Name of Insurer _____
NAIC Code _____ Product _____

Contact Person _____ FAX: _____
Telephone No. _____ E-mail: _____

ARIZONA				COUNTRYWIDE				
YEAR	1	2	3	4	5	6	7	8
	1999	2000	2001	TOTAL 1999-2001	1999	2000	2001	TOTAL 1999-2001
1. Earned Premiums:								
1.1 Gross written premiums								
1.2 Refunds on Terminations								
1.3 Net written premiums (Lines 1.1-1.2)								
1.4 Premium reserves, start of period								
1.5 Premium reserves, end of period								
1.6 Actual earned premium (Lines 1.3+1.4-1.5)								
1.7 Earned premiums at prima facie rates								
2. Incurred Claims:								
2.1 Claims paid								
2.2 Total claim reserve, start of period								
2.3 Total claim reserve, end of period								
2.4 Incurred claims (Lines 2.1-2.2+2.3)								
3. Incurred Compensation:								
3.1 Commissions and Service Fees Incurred								
3.2 Other Incurred Compensation								
3.3 Total Incurred Compensation (Lines 3.1+3.2)								
3.4 Commissions/Service Fee Percentage (Lines 3.1/1.3)								
3.5 Other Incurred Compensation Percentage (Lines 3.2/1.3)								
4. Loss Percentage:								
4.1 Actual Loss Percentage (2.4/1.6)								
4.2 Loss percentage at prima facie rates (2.4/1.7)								
5. Incurred Loss Adjustment Expense								
5.1 Defense and Cost Containment Expense Incurred								
5.2 Adjusting and Other Expenses Incurred								
5.3 Total Loss Adjustment Expense Incurred (5.1 + 5.2)								
5.4 LAE Percentage (5.3 ÷ 1.6)								

Type of Property Insured: Personal Property ☐ OTHER ☐ Please describe _____ AUTO Physical Damage ☐

Interests protected : Lenders only ☐ Lenders and Borrowers ☐

Basis of Premium : Single Premium ☐ Monthly Outstanding Balance ☐

Coverages provided : Fire and Extended Coverage ☐ Theft ☐ Comprehensive ☐ Collis ☐ ☐ er Please describe _____

Type of loan : Installment ☐ Revolving ☐ Credit Ca ☐

Credit Property Premiums and Underwriting Expenses

APPENDIX C

Name of Insurer: _____
NAIC Code _____

Contact Person _____
Telephone No. _____
FAX _____
E-mail _____

YEAR: _____

ARIZONA				COUNTRYWIDE				
	1 Personal Property		2 Other (a)		3 Personal Property		4 Other (a)	
1. Premiums								
1.1 Direct Written Premiums (DWP)								
1.2 Direct Earned Premiums								
2. Underwriting Expenses Incurred	Dollars	% DWP	Dollars	% DWP	Dollars	% DWP	Dollars	% DWP
2.1 Commissions and Brokerage Expenses Incurred								
2.4 Taxes Licenses & Fees Incurred								
2.2 Other Acquisition, Field Supervision and Collection Expenses Incurred								
2.3 General Expenses Incurred								
2.5 Total Underwriting Expenses Incurred 2.1+2.4+2.2+2.3								
3. Creditors Compensation (included in 2. above)								

(a) Provide a description of "other" _____

3. Creditors Compensation means commission, service fee, brokerage or any other valuable consideration that is paid to a creditor (person) as a result of the sale of credit insurance.

Note: If expenses for calendar year 2001, are not truly representative of your current expenses, please complete additional pages for the years of 1999, 2000 and combined for 1999 through 2001.

CREDIT PROPERTY RATES ADJUSTED TO STANDARD LOSS RATIO EXHIBIT I

EXHIBIT I

COMPANY NAME	INTEREST DUAL/S.I.	MOB/SP	CURRENT RATE/\$100	AZ 3 YEAR E.PREM.	AZ 3 YR. LOSSES	AZ 3 YEAR L. RATIO	AZ IND. RATE/\$100	3 YR.CW E.PREM.	3 YR CW LOSSES	3 YR CW L.RATIO	CW IND. RATE/\$100	INDICATED RATE/\$100	COMMISION %DPW
AMERICAN BANKERS I. C. FL	DUAL	MOB	\$0.290	2,220,915	75,953	3.4%	\$0.020	154,677,043	2,499,186	1.6%	\$0.009	\$0.015	26.0%
AMERICAN RELIABLE I. C.	DUAL	MOB	\$0.470	680,181	80,161	11.8%	\$0.092	12,495,110	425,361	3.4%	\$0.032	\$0.062	23.7%
COLONIAL PENN FRANKLIN	DUAL	MOB	\$0.140	348,895	-10,044	-2.9%	\$0.011	1,972,170	-34,453	-1.7%	\$0.006	\$0.009	30.7%
VOYAGER PROPERTY I. C.	DUAL	MOB	\$0.470	20,933	1,086	5.2%	\$0.047	11,150,439	638,097	5.7%	\$0.054	\$0.051	54.7%
WESCO INS. CO.	DUAL	MOB	\$0.243	107,440	802	0.7%	\$0.018	4,932,122	262,564	5.3%	\$0.026	\$0.022	24.4%
		SUBTOTAL	\$0.323	3,378,364	147,958	4.4%	\$0.038 (unweighted)	185,226,884	3,790,755	2.0%	\$0.025 (unweighted)	\$0.032 (unweighted)	31.9%
AMERICAN SECURITY INS.CO.	DUAL	SP	\$2.50	944,695	42,219	4.5%	\$0.226	91,927,031	4,482,898	4.9%	\$0.245	\$0.236	7.2%
TRITON INS. CO.	DUAL	SP	\$2.30	655,561	58,249	8.9%	\$0.413	94,147,262	13,195,645	14.0%	\$0.644	\$0.529	40.0%
VOYAGER PROPERTY I.C.	DUAL	SP	\$3.75	1,568,737	53,939	3.4%	\$0.255	52,468,756	10,712,494	20.4%	\$1.530	\$0.893	60.0%
WESCO INS. CO.	DUAL	SP	\$2.00	2,216,113	88,302	4.0%	\$0.160	110,115,376	11,292,179	10.3%	\$0.412	\$0.286	24.4%
YOSEMITE INS.CO.	DUAL	SP	\$3.75	13,894	404	2.9%	\$1.130	14,897,192	3,805,226	25.5%	\$1.913	\$1.522	30.1%
		SUBTOTAL	\$2.86	5,399,000	243,113	4.5%	\$0.437 (unweighted)	363,555,617	43,488,442	12.0%	\$0.949 (unweighted)	\$0.693 (unweighted)	32.3%
AMERICAN RELIABLE I.C.	DUAL+ SI	SP	\$3.75/\$2.50	572,597	144,623	25.3%		9,740,099	936,681	9.6%			23.7%
ALL COMPANIES COMBINED	DUAL + SI	MOB + SP		9,349,961	535,694	5.7%		558,522,600	48,215,878	8.6%			

SI = SINGLE INTEREST
SP= SINGLE PREMIUM
E. = EARNED

UNDERWRITING EXPENSES % DIRECT PREMIUM WRITTEN (DPW)

EXHIBIT II

<u>COMPANY</u>	<u>2001 AZ DPW</u>	<u>COMMISSIONS (CRED. COMP.)</u>	<u>T, L, AND FEES</u>	<u>OTHER ACQ.</u>	<u>GENERAL EXPENSE</u>	<u>TOTAL UW</u>	<u>LOSSES, ADJ. EXP., CATASTROPHES, PROFIT & CONT.</u>
AMERICAN BANKERS I.C.	621,719	26.0	2.8	4.6	8.6	42.0	58.0
AMERICAN RELIABLE I.C.	559,716	23.7	5.6	0.4	0.2	29.9	70.1
AMERICAN SECURITY I.C.	52,566	7.2	2.1	3.0	47.3	59.7	40.3
COLONIAL PENN FRANKLIN I.C.	36,097	30.7	2.0	incl. In GE	17.7	50.4	49.6
TRITON I. C.	324,687	40.0	2.7	1.2	2.7	46.5	53.5
WESCO I.C.	794,358	24.4	3.9	4.8	3.6	36.7	63.3
YOSEMITE I.C.	219,915	30.1	4.4	5.2	0.0	39.7	60.3
AVERAGE (UNWEIGHTED)		26.0	3.4	2.7	11.4	43.5	56.5

SUMMARY CHART DUAL INTEREST SINGLE PREMIUM**EXHIBIT III**

<u>COMPANY NAME</u>	<u>CURRENT AZ RATE/\$100</u>	<u>INDICATED AZ RATE/\$100</u>	<u>INDICATED CW RATE/\$100</u>	<u>AVERAGE IND. RATE/\$100</u>
AMERICAN SECURITY	\$2.50	\$0.226	\$0.245	\$0.236
TRITON INSURANCE CO.	\$2.30	\$0.413	\$0.644	\$0.529
VOYAGER PROPERTY INS.CO.	\$3.75	\$0.255	\$1.530	\$0.893
WESCO INSURANCE CO.	\$2.00	\$0.160	\$0.412	\$0.286
YOSEMITE INSURANCE CO.	\$3.75	\$1.130	\$1.913	\$1.522
ALL COMPANY AVERAGE	\$2.86	\$0.437	\$0.949	\$0.693

SELECTED PRIMA FACIE RATE= \$.50/\$100

$$\text{MOB} = 2\text{XSP} / 13 = 100 / 13 = 0.077 = .08(\text{ROUNDED})$$

CW= COUNTRYWIDE
IND.= INDICATED

SUMMARY CHART DUAL INTEREST MOB RATES**EXHIBIT IV**

<u>COMPANY NAME</u>	<u>CURRENT AZ RATE/\$100</u>	<u>INDICATED AZ RATE/\$100</u>	<u>INDICATED CW RATE/\$100</u>	<u>AVERAGE IND. RATE/\$100</u>
AMERICAN BANKERS	\$0.29	\$0.020	\$0.009	\$0.015
AMERICAN RELIABLE	\$0.47	\$0.092	\$0.032	\$0.062
COLONIAL PENN FRANKLIN	\$0.14	\$0.011	\$0.006	\$0.009
VOYAGER PROPERTY	\$0.47	\$0.047	\$0.054	\$0.051
WESCO INSURANCE CO.	\$0.243	\$0.018	\$0.026	\$0.022
ALL COMPANY AVERAGE	\$0.323	\$0.038	\$0.025	\$0.032

INDICATED PRIMA FACIE RATE = \$0.025 to \$0.038

CW = COUNTRYWIDE
IND.= INDICATED

CREDIBILITY TABLE**EXHIBIT V**

<u>EARNED PREMIUM</u>	<u>CLAIM COUNT</u>	<u>CREDIBILITY FACTOR</u>
<24,000	<6	0
24,000 to 43,999	6-10	0.15
44,000 to 67,199	11-16	0.20
67,200 to 97,199	17-23	0.25
97,200 to 133,199	24-32	0.30
133,200 to 173,999	33-42	0.35
174,200 to 219,599	43-54	0.40
219,600 to 271,199	55-67	0.45
271,200 to 327,599	68-81	0.50
327,600 to 389,999	82-97	0.55
390,000 to 458,399	98-113	0.60
458,400 to 531,599	114-132	0.65
531,600 to 609,599	133-151	0.70
609,600 to 693,599	152-172	0.75
693,600 to 783,599	173-195	0.80
783,600 to 878,399	196-219	0.85
878,400 to 977,999	220-244	0.90
978,000 to 1,083,599	245-270	0.95
1,083,600 +	271+	1.00

IF INCURRED CLAIM COUNTS ARE AVAILABLE, USE THEM TO DETERMINE THE CREDIBILITY. IF NOT, USE ANNUAL EARNED PREMIUM. FOR 6-10 CLAIMS THE CREDIBILITY FACTOR IS 0.15.

THE EXPERIENCE PERIOD FOR THIS TABLE SHALL BE AT LEAST ONE FULL YEAR AND SHALL NOT EXCEED THREE SUCCESSIVE YEARS.

4/22/2003

INSURERS RESPONSES TO CREDIT PROPERTY CALL

EXHIBIT VI

<u>NAIC NO.</u>	<u>INSURANCE COMPANY</u>	<u>RESPONSE</u>	<u>COMMENTS</u>
22667	ACE AMERICAN INS CO.	9/10/2002	WRITING DISASTER MORTGAGE PROTECTION
26344	AGRICULTURAL INS. CO.	9/9/2002	NOT WRITING CREDIT PROPERTY IN AZ
19232	ALLSTATE INS. CO.	9/3/2002	NOT WRITING CREDIT PROPERTY AFTER 8/14/02
36455	NORTHBROOK INDEMNITY (ALLSTATE)	9/4/2002	DOES NOT WRITE CREDIT PROPERTY
10111	AMERICAN BANKERS INS. CO.	8/23/2002	DUAL MOB
24376	AMERICAN GENERAL INDEMNITY	8/7/2002	WRITING IUI IN AZ GIVEN TO BILL R.
19615	AMERICAN RELIABLE INS. CO.	8/23/2002	SINGLE AND DUAL MOB&SP
42978	AMERICAN SECURITY INS. CO.	8/23/2002	DUAL INTEREST SP
24813	BALBOA INS. CO.	10/21/2002	NOT WRITING CREDIT PROPERTY IN ARIZONA
20796	COLONIAL PENN FRANKLIN INS. CO.	7/23/2002	DUAL INTEREST MOB
10847	CUMIS INS. SOCIETY	8/12/2002	WRITE FORCED PLACED ONLY
39306	FIDELITY AND DEPOSIT COMPANY	9/9/2002	NOT WRITING CREDIT PROPERTY IN AZ
35769	LYNDON PROPERTY INS. CO.	8/1/2002	NOT WRITING CREDIT PROPERTY IN AZ
29832	MARKEL AMERICAN INS. CO.	7/29/2002	NOT WRITING CREDIT PROPERTY IN AZ
38601	MIC PROPERTY AND CASUALTY	9/10/2002	WRITING CREDITOR PLACED ONLY
41750	ST. PAUL MEDICAL INS. CO.	9/16/2002	NOT WRITING CREDIT PROPERTY IN AZ
41211	TRITON INS. CO.	9/10/2002	DUAL INTEREST SP
40827	VIRGINIA SURETY CO. INC.	8/26/2002	NOT WRITING CREDIT PROPERTY IN AZ
35971	VOYAGER PROPERTY AND CASUALTY	11/18/2002	ZERO WRITINGS IN 2001; LARGEST CLIENT BKRPT
25011	WESCO INS. CO.	8/19/2002	DUAL INTEREST SP
21121	WESTCHESTER FIRE INS. CO.	9/10/2002	WRITING DISASTER MORTGAGE PROTECTION
26220	YOSEMITE INS. CO.	8/19/2002	DUAL INTEREST SP

INSURERS TO RECEIVE CREDIT PROPERTY CALL

EXHIBIT VII

NAIC NO.	<u>INSURANCE COMPANY</u>
22667	ACE AMERICAN INS CO.
26344	AGRICULTURAL INS. CO.
19232	ALLSTATE INS. CO.
36455	NORTHBROOK INDEMNITY (ALLSTATE)
10111	AMERICAN BANKERS INS. CO.
24376	AMERICAN GENERAL INDEMNITY
19615	AMERICAN RELIABLE INS. CO.
42978	AMERICAN SECURITY INS. CO.
24813	BALBOA INS. CO.
20796	COLONIAL PENN FRANKLIN INS. CO. (GE CASUALTY INS. CO.)
10847	CUMIS INS. SOCIETY
39306	FIDELITY AND DEPOSIT COMPANY
35769	LYNDON PROPERTY INS. CO.
29832	MARKEL AMERICAN INS. CO.
38601	MIC PROPERTY AND CASUALTY
41750	ST. PAUL MEDICAL INS. CO.
41211	TRITON INS. CO.
40827	VIRGINIA SURETY CO. INC.
35971	VOYAGER PROPERTY AND CASUALTY
25011	WESCO INS. CO.
21121	WESTCHESTER FIRE INS. CO.
26220	YOSEMITE INS. CO.